

OXFORDSHIRE EUROPEAN STRUCTURAL INVESTMENT FUND STRATEGY

This strategy sets out plans for the allocation of 22.7million Euros for business support, skills development and developing the rural economy in Oxfordshire

January 2017

1. Introduction

The Oxfordshire Local Enterprise Partnership was established in March 2011. As one of 38 LEPs in England, we are responsible for driving economic growth in Oxfordshire. We have been a company limited by guarantee since April 2015 and are governed by a Board of Directors from the public, private and academic sectors.

Our vision is...

Oxfordshire as a vibrant, sustainable, inclusive, world-leading economy, driven by innovation, enterprise and research excellence

In July 2013 we were allocated €19.3 million European Structural Investment (ESI) Funds for the period 2014 to 2020. The ESI Fund is made up of two elements:

- European Regional Development Fund – for supporting small and medium sized enterprises to start up, grow and innovate;
- European Social Fund – for developing the skills of the local workforce, social inclusion and life-long learning.

We have also been allocated €3.4 million European Agricultural Fund for Rural Development (EAFRD) which we have directed to projects on rural tourism, business development and food production.

A breakdown of the funds is in Table 1 below.

Our ESI Fund Plan, published in April 2016 is now out of date. In part this is due to the recent Referendum result for Britain to leave the EU and the impact this had had on the EAFRD programme. We have also prepared in the past year other plans and strategies that have a bearing on the ESI Fund programme from 2017 including:

- The Strategic Environmental Economic Investment Plan
- The Creative, Cultural, Heritage and Tourism Investment Plan
- The Innovation Strategy
- An updated Oxfordshire Skills Strategy
- A refreshed Strategic Economic Plan for Oxfordshire.

Furthermore, many of our ERDF and ESF project calls have been published and closed, and some have now started delivering. These projects are highlighted below.

We do however still have some project calls to publish in 2017 and this updated ESI Fund Strategy will help those wishing to apply for the remaining funds by providing a strategic overview of our ambitions for the Oxfordshire economy in terms of business support, innovation, skills provision, social inclusion and rural development, so that applicants can be clear about what we want to see delivered for Oxfordshire, whilst taking account of the more detailed work as mentioned above.

Sections from the February 2016 ESI Fund Plan relating to technical aspects (for example, the Risk Register and Governance) will be retained in a separate document.

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2. Our ESI Fund Programme 2014 to 2020

Overall allocation of ESI Funds	ERDF	€9,912,483
	ESF	€9,385,644
	EAFRD	£2,793,000

Table 1: ESI Funds by Priority Axis (PA)¹

PA	Activity	Allocation
European Regional Development Fund (ERDF)		
PA1	Innovation and research	€3,671,927
PA3	SME competitiveness	€3,876,205
PA4	Low Carbon	€2,364,351
Total		€9,912,483
European Social Fund (ESF)		
PA1	Labour mobility and access to employment	€3,096,617
PA1	Social inclusion	€2,165,885
PA2	Education, skills and lifelong learning	€4,123,141
Total		9,385,644
European Agricultural Fund for Rural Development		
Measure 6.4	Business development	£747,666
Measure 4.2 & 6.4	Food production	£747,666
Measure 6.4 & 7.5	Tourism	£747,666
Total		£2,242,998²

¹ We are required by the EU to publish the allocations for ERDF and ESF in Euros.

² The amount of EAFRD in this table differs from *the Overall allocation of ESI Funds* table due to an amount be held back in reserve by Defra

3. Project calls published and projects launched as at January 2017, and funds remaining

Table 2: Project calls published, January 2017

PA Activity	Project name	£	Status (assessment or launched)	Delivery organisation	Project timescale
European Regional Development Fund (ERDF)					
PA1 Innovation		£2.6m	At assessment stage	Not Yet Known	2017 to 2020
PA3 SME Competitiveness	Business Start-up and Growth	£1m	Launched	OxLEP	2016 to 2019
PA4 Low Carbon	Growing Oxfordshire's Low Carbon Economy	£1.4	At assessment stage	Not Yet Known	2017 to 2020
European Social Fund					
PA 1 Access to employment	Training and Employment for Growth in Oxfordshire	£1.2m	At assessment stage	Not Yet Known	2017 to 2020
PA1 Social inclusion	Building Better Opportunities	£1.2m	Launched	Activate Learning	2016 to 2019
PA1 Social inclusion	Oxfordshire Community Grants	£0.5m	Launched	Oxford City Council	2016 to 2018
PA1 Social inclusion	Support for young people who are NEET	£0.7m	At assessment stage	Not Yet Known	2017 to 2020
PA1 Social inclusion	Support for young people who are at risk of NEET	£0.7m	At assessment stage	Not Yet Known	2017 to 2020

Table 3: Remaining ERDF, ESF and EAFRD funds

PA	Activity	Allocation
European Regional Development Fund (ERDF)		
PA3	SME competitiveness – support for social enterprises (£670,000) and Access to Finance support (£670,000)	£1,340,000
Total		£1,340,000
European Social Fund (ESF)		
PA1	Labour mobility and access to employment	£302,998.16
PA1	Social inclusion	£67,917.48
PA2	Education, skills and lifelong learning (PA2.1 - £2, 606,951.12 and PA2.2 - £609,099)	£3,216,050
Total		£3,586,965.64
European Agricultural Fund for Rural Development		
Measure 6.4	Business development	£747,666
Measure 4.2 & 6.4	Food production	£747,666
Measure 6.4 & 7.5	Tourism	£747,666
Total		£2,242,998³
Total ESI		£7,169,963.64

³ The amount of EAFRD in this table differs from *the Overall allocation of ESI Funds* table due to an amount be held back in reserve by Defra

4. A profile of Oxfordshire's economy today – and its assets, opportunities and challenges

The economic headlines

Overall, Oxfordshire generates output to the value of about £20.5bn (data for 2014, in current prices, from ONS) from about 400,000 jobs (including both employees and self-employment jobs) in a total of 30,000 enterprises.

Oxfordshire performs well on key metrics of productivity and it is consistently in the upper echelons of league tables relating to the economic performance of LEP areas:

- in 2014, GVA per hour worked in Oxfordshire was an estimated £32.70 – compared to a UK average of £31.00;
- in 2013, GVA per filled job was estimated to be £51.2k; the UK average was £48.8k.

In the year to March 2016, some 358,000 residents aged 16-64 were in employment (whether employed or self-employed). Both activity and employment rates are higher than the regional average – and substantially higher than the national average. The rate of unemployment is very low. Hence Oxfordshire is currently approaching full employment.

The largest employment sectors in Oxfordshire are education (51,000 employees, 14.9% of all employees in employment), professional, scientific and technical (41,000, 12.1%), health (40,000, 11.8%) and retail (32,000, 9.4%). Employment in tourism – which is cross sectoral – accounts for around 32,000 jobs (9.5%)⁴. Oxfordshire also has a large military presence with more than 8,500 military personnel (October 2015) and almost 5,000 family members living and working in the county.

Over the last few years, Oxfordshire's economy has performed strongly, and the scale of recent investment bodes well for future growth. Between 2011 and 2014, the number of jobs in Oxfordshire – including employee and the self-employment jobs – grew by 7.8%, compared to growth of 6.2% nationally. Within this total, employee job numbers grew by 6.3% to 341,500 (compared to 5.3% nationally), while the number of self-employment jobs grew slightly faster. The rate of GVA growth from 2011-14 was also above the national average (15.6%, compared to 12.1% for the UK).

⁴ Sectoral employment is taken from the Business Register and Employment Survey (BRES) – latest data is for 2014, published in the autumn 2015. Employment in tourism is based on figures in the Oxfordshire Creative, Cultural, Heritage and Tourism Investment Plan.

Since 2011, employment growth in Oxfordshire has been much faster than was expected through the forecasts used as the basis for the Strategic Housing Market Assessment⁵. The sectors with the biggest increase in employees 2011-14 were professional, scientific and technical (an increase of nearly 7,000 employees), construction (5,500 increase), business administration and support services (3,300 increase) and transport and storage (2,200 increase). The number of employees in manufacturing and public administration and defence declined by just over 1,000 in each sector over the 2011-14 period.

Science and technology based clusters in Oxfordshire are particularly strong and distinctive, nationally and internationally. By 2014, there were 46,100 employees in high tech sectors in Oxfordshire, 13.5% of total employee jobs in Oxfordshire. GVA growth in key high tech sectors was well above the national average (e.g. GVA in 'information and communication' grew by 29.3% in Oxfordshire between 2011 and 2014, compared with 8.4% in UK). In the 12 months to July 2015, Oxford's technology firms received a reported £1.4bn in investments - more than five times the previous year's total of £250m. Over 20 new Oxford technologies and ventures received a record £2.6m in proof-of-concept funding in 2014 alone.

As at October 2016, some 2,715 people in Oxfordshire were claiming Job Seekers Allowance (JSA), or Universal Credit (UC). This equates to an unemployment rate of just 0.6%, compared to 1.8% for Great Britain. Since March 2014, when the first SEP was published, the number of Oxfordshire residents on JSA/UC has declined by nearly 40%. This is to be welcomed. However it does point to the challenges for growing and new businesses seeking to recruit staff from a small pool of potential labour, particular as there are also continuing skills shortages in some key areas (for example, in jobs requiring expertise in STEM subjects⁶). Furthermore, the people claiming benefits are likely to be those who face particular challenges in accessing training and work, meaning that they will need additional and targeted support to help them move closer to the labour market.

Oxfordshire's built heritage and natural environment have played a substantial part in the county's economic and social development and they will continue to be a vital part of its future. Many of Oxfordshire's towns and villages are attractive and vibrant places in which to live, work and relax. The county's natural capital – including its land, soils, air, water, animals and plants – is distinctively rich and diverse. Oxfordshire's urban and rural heritage is outstanding. The county's residents, businesses and other organisations – wherever they are located – all benefit economically, socially and culturally from these assets.

However, some of these assets are in decline or under threat, and investment is needed to reverse this damage. As the economy and the population grow, and the effects of current and

⁵ The Planned Economic growth employment forecasts envisaged growth between 2011 and 2021 of just under 50,000 jobs, which is equivalent to just under 15,000 over the period 2011-14. This compared with actual growth of just over 30,000 jobs – twice the rate forecast.

⁶ STEM - science, technology, engineering and maths

future climate change are felt⁷, the county needs to be prepared in order to minimise damage to the natural environment, build resilience and reduce risk.

It would be misleading to suggest that economic growth does not give rise to environmental pressures. However, Oxfordshire has some real opportunities to apply local research and innovation to repair and enhance its natural capital as well as the built environment. For example, Oxfordshire has world leading research and commercialisation in areas such as solar and fusion energy and electric vehicles, and low carbon sectors already account for about 7% of the economy. Well targeted investments can bring about multiple benefits including added economic value, more efficient use and greater protection of natural resources and more pleasant surroundings, all of which make the county a more desirable place to live and work.

The outstanding quality of its natural and built environment – and the importance of both in relation to its economic well-being – is described in two plans we have produced with partners since the 2014 SEP: the [Strategic Environmental and Economic Investment Plan](#) (SEIIP) and the [Creative, Cultural Heritage and Tourism Investment Plan](#) (CCHTIP). These two documents provide a great deal of evidence and insight with regard to the economic importance of our natural and built environment, and also the way in which sustainable economic development can support the successful management of our environmental assets.

For more information on our priorities for growing the Oxfordshire economy please read our Strategic Economic Plan for Oxfordshire 2016 at:

<http://www.oxfordshirelep.com/content/strategic-economic-plan>

⁷ See Oxfordshire's Low Carbon Economy – Report by the Environmental Change Institute and Low Carbon Oxford, October 2014

5. European Regional Development Fund – helping our small and medium sized enterprises to grow and prosper

Remaining funds - £1,340,000

Oxfordshire is remarkable for the range of business sectors and scientific disciplines in which there is real strength and depth.

The county has some outstanding success stories in business formation and growth – particularly in science and technology-based sectors. It has globally significant strengths in five areas, all of which have huge growth potential - automotive & motorsport, creative & digital, electronics & sensors, life sciences and space technologies, and these have been a particular focus for inward investment. Oxfordshire also has an internationally renowned grouping of universities and research institutions which are increasingly focused on local commercialisation of their R&D, and on building links with Oxfordshire businesses.

There has been strong employment growth in Oxfordshire in the last few years, but sustaining that growth over the long-term is a significant challenge, particularly given the uncertainties caused by the EU referendum result.

Amongst a proportion of high growth businesses, there is a need for stronger management and marketing capabilities to complement technical excellence (i.e. building management teams to enable growth), and support to scale-up.⁸ The establishment of several specialist funds has improved access to finance for businesses with high growth potential, and the provision of business incubator facilities in the county is relatively good. However, many new and small firms still experience problems of access to finance and to flexible property, particularly those which are not linked to research based institutions.

Oxfordshire is the UK's first official '[Social Enterprise County](#)'. The award recognised the wide range of social enterprises dealing with an equally broad spread of social issues. The county also has many strong enterprises in its rural areas and market towns, as well as within the main Knowledge Spine.

Our remaining ERDF therefore will be allocated to the:

- Enhancement of existing business support service to offer growth, employment development and funding advice and services to **social and community enterprises**, with a particular focus on long term commercial viability. Value of the project - £670,000 (£1,340,000 with match funding).

⁸ <http://www.scaleupinstitute.org.uk/>

- Creation and delivery of a programme to identify and **support potential entrepreneurs** to develop business development skills and commercialise new ideas, including investment readiness and access to commercial loan finance and investment. Value of the project - £670,000 (£1,340,000 with match funding).

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6. European Social Fund – skills provision in Oxfordshire

Remaining funds:

- **Labour mobility and access to employment - £302,998**
- **Social inclusion - £67,917**
- **Education, skills and lifelong learning - £3,126,050**

Oxfordshire has a highly qualified and highly skilled workforce and yet balancing the labour market remains a challenge. A short supply of skilled workers, compounded by a low unemployment and inactivity rates, make it particularly difficult for Oxfordshire's employers to recruit suitably qualified staff. Skills are potentially the county's scarcest resource relative to the opportunity. It is a buyers-market for those with specialist skills, with technology start-ups and spinouts vying for the existing talent pool and some businesses may have to look outside of Oxfordshire for the best talent if we cannot find ways to retain it.

In the year to June 2016, there were a reported 128,400 vacancies advertised throughout Oxfordshire⁹ demonstrating significant movement in our labour market. A third of vacancies were in the professional occupations such as scientists and engineers, IT specialists, healthcare professionals, teachers, lawyers and accountants and these specialist roles are becoming increasingly hard-to-fill. About 25,000 vacancies were in associate professional and technical roles such as technicians, officers, artists and designers. These high skill roles together represent over half of all advertised vacancies in that period. However this is not unique to Oxfordshire – a similar picture is found at a national level.

UKCES forecasts indicate 159,000 jobs in Oxfordshire will become available as people leave the labour market due to retirement, occupation mobility, migration or mortality. There is a corresponding increase in demand for higher level skills whilst the proportion of jobs requiring no or low qualifications is forecast to decline¹⁰. Across the broad sectors the largest expansion of growth is predicted in professional services, accommodation and food and support services. Replacement growth will unsurprisingly hit our largest sectors most: education, wholesale and retail, professional services and health and care.

⁹ Burning Glass Technologies: Labour Insight June 2015-June 2016.

¹⁰ Ambition 2020: World Class Skills and Jobs for the UK, July 2009, UK CES: Working Futures, UK CES 2011.

Occupations that will see net decreases to 2024 are secretarial, administrative, sales and some manufacturing roles. Those that will increase are business professionals, managers, directors and those in science and research.

The social care sector, especially care workers, will see significant replacement demand since nearly a quarter of its workforce are currently 55 years old or over. This sector is already facing challenges with large staff turnover and staff shortages which impact on the quality of service.

Anecdotal evidence suggests that recent changes to applications for highly skilled migrant workers may be restricting the number eligible to work in the UK; with implications for our science base community which Oxfordshire firms have traditionally drawn on.

Furthermore, it is yet to be established how the vote to leave the EU will affect the labour market in the UK and Oxfordshire specifically. What is clear is that job creation has kept pace with net migration to the county thus far and so any limitations to the flow of migrants to the workforce could have a huge impact on our largest sectors, such as education, health, construction and other services, where there is a reliance on migrant workers. It is anticipated that those negotiating the Brexit deal will work to mitigate the impact of labour and skills shortages. Although the full effect of the arrangement is unknown, some businesses are already feeling the fallout of a weakening pound and uncertainty in the economy.

Skills gaps and labour shortages are key barriers to our growth potential, particularly at technical skills levels. Although some of our skills and provision from EU funds will target disadvantaged and lower skilled people, our core intention is always to link labour market supply and demand, with a priority placed on meeting the skills and capacity needs of growing and innovating businesses.

Broad analysis of our economy suggests a mismatch between the quantum of skills and training provision, especially at vocational level; and the skills and training requirement of some of Oxfordshire's business sectors – particularly in vocational and technical level STEM industries, health and social care, catering and hospitality and retail. We will use a significant proportion of our ESF allocation (c£3.1m) to directly address skills barriers to innovation and growth.

Our strategy needs to be mindful of the potential of significant employment generating development on the short to mid-term horizon and ensure that the benefits of jobs growth are shared by all in our communities, particularly those most marginalised from the workforce, and ensure they have the skills required to become economically active. It must also support growth through innovation, and ensure provision of skills is matched with existing and even more importantly evolving skills demand at all levels in the labour market.

In order for Oxfordshire to develop its growth aspirations we require a workforce suitably qualified to support our ambition. Specifically we must look to address the areas of:

- Current skills and labour needs and gaps – particularly in the key sectors identified
- Our future skills needs for the area
- Ensuring that growth benefits all so that individuals are not 'left behind'- improving employability skills of local people – especially young people – focused primarily on sectors of current labour shortage
- Better matching local skills provision to the needs of our businesses and supporting business to understand local needs
- Tackling skills gaps and inhibitors to growth in rural areas, and overcoming poor access from some rural areas to a full range of skills and learning opportunities

It is important to note the alignment between our broad Oxfordshire Skills Strategy, launched in 2014 (and due to be refreshed in 2017) and an intrinsic part of our Strategic Economic Plan, and the measures we are proposing for use of EU funds.

Priorities for skills provision

The priorities for our remaining ESF are aligned to the Strategic Priorities of the Oxfordshire Skill Strategy:

- 1. To meet the needs of local employers through a more integrated and responsive approach to education and training***
- 2. Creating the 'skills' continuum' to support young people through their learning journey***
- 3. Up-skilling and improving the chances of young people and adults marginalised or disadvantaged from work***
- 4. To increase the number of apprenticeships opportunities***
- 5. To explore how we can better retain graduates within Oxfordshire to meet the demand for higher level skills that our businesses need.***

7. European Agricultural Fund for Rural Development - Rural Oxfordshire

Funds available:

Tourism infrastructure - £747,666

Local Food production - £747,666

Business development - £747,666

Oxfordshire is unusual in the South East of England in being significantly rural in character, with relatively dispersed populations and a significant amount of agricultural and rural economic activity. The agriculture related sector is the tenth largest employer, with nearly 9000 full time jobs across the whole sector (including food processing and distribution).

Community First Oxfordshire has identified a number of rural areas showing relatively high levels of deprivation against national comparators, with Berinsfield, Brightwell, Cholsey, Faringdon and the Hundreds ranking amongst the 30% most deprived in the country, particularly in relation to unemployment, limiting long term illness, and lack of qualifications¹¹.

Particular issues for Oxfordshire's rural areas include:

- poor ICT connectivity, in particular expected 'not-spots' in planned high speed broadband roll-out. These include a number of business parks occupied by SMEs, a significant inhibition on their ability to expand and create employment, as well as disadvantaging home based workers and businesses;
- isolation of businesses, particularly SMEs, from markets, supply chains and sources of support;
- patchy and hard to access provision of important supply side services such as skills training and careers guidance;
- some specific locations scoring highly on indicators of deprivation;
- high energy costs particularly areas away from large networks.

The County's infrastructure imposes limits and barriers to both growth and access to opportunities. Many of these - transport connections, lack of affordable housing, widespread fast broadband roll out – are covered by the Oxfordshire Strategic Economic Plan, and are of too large a scale for limited EU funds to be of any real added value.

¹¹ Deprived Rural Areas, ORCC, 2011

The county's rural areas are also home to a range of innovative institutions and businesses, as well as an important agricultural sector, all of which are candidates for support under the EAFRD programme. Innovative initiatives emerging from our rural sector showcase the benefits of a rural environment and natural heritage from a health point of view, demonstrated for example by award winning Pennyhooks Farm and its work with children with special needs – one of a growing number of 'care farms'.

Oxfordshire has been successful in obtaining EU 'LEADER' programme funding, which will complement the ERDF, ESF and EAFRD provision which will be deployed throughout the County (in rural as well as urban areas). The specific Oxfordshire LEADER programme covers a defined area of rural Oxfordshire, that within the limit of 150,000 population centres, therefore does not cover the whole of the county. Other parts of Oxfordshire are covered by a different LEADER partnership, the Cotswolds, North Wessex Downs and Chilterns. There is a small area to the north of the county that is not covered by any LEADER funding.

The themes of the Oxfordshire LEADER programme are:

- reviving the River Thames and associated waterways – getting more people to use the river, not pass it by
- growing, selling and eating more local food – enabling increased farm productivity, diversification and the processing and marketing of local food
- unlocking the potential of woodland – managing woodland and developing the local distribution of wood fuel, timber and wood products
- vibrant villages - creating more economic activity in our villages.

LEADER is focused on creating jobs and economic growth. Eligible projects will create jobs, increase productivity / efficiency or develop new markets. Or alternatively projects will increase visitors to the area or provide an essential rural service.

Many other businesses are located outside the towns and cities, mostly SMEs, including agricultural processing, a wide diversity of small engineering, service, craft, tourism and leisure companies. There are home based micro businesses, and workers working from home for some or all of the time. This pattern adds strength and diversity to the Oxfordshire business base. Businesses located in rural areas have historically however often been disadvantaged in their access to facilities and services which are routinely available in urban areas, as well as being poorly connected to transport and communication links. Despite this, evidence is growing that some micro businesses located in rural areas have characteristics enabling them grow. These include an ability to diversify, exploit niche markets and intimate local market knowledge, and maximise the benefits of attractive locations such as those found throughout Oxfordshire.

Tourism in rural areas

Although the county welcomes more than 24 million visitors a year, Experience Oxfordshire, the body charged with developing the tourism sector, identifies clear market failure in the visitor economy. Both providers and visitors suffer from information gaps and potential visitors do not have the right information to use in their decisions. In Oxfordshire this is clearly evidenced in visitor surveys.

Visitors are attracted to top county attractions, yet few explore wider rural Oxfordshire due to information gaps and insufficient incentives. The City of Oxford attracts 9 m trips a year, some 38% of all trips to the county¹², (this is likely to increase once the new Westgate shopping centre opens in October 2017), yet of these only 28% of UK visitors explore the countryside¹³. These visitors tell researchers they are interested in exploring more widely, as well as indulging in local food and produce, festivals and cultural events – if only they could more easily find information, services and deals once they are in Oxford.

Oxfordshire is positioned as the gateway to the Cotswolds – a well-known tourist destination with a reputation built on rural countryside, local limestone, vibrant towns, picturesque villages, along with award winning attractions and events. Tourism is important to the local economy – in the West Oxfordshire part of this territory, the most recent analysis shows that annual visitor trips number 4.3m and the activity supports around 4,800 full and part time jobs (about 10% of the district's workforce)¹⁴. The Cotswolds is keen to communicate more than just the well-established view of the area through raising awareness of distinctive local foods, the arts and cultural scene and a wider geographical spread beyond the most famous villages. A recent step to enhance the coordination of tourism support has seen a joint effort across public and private organisations in the development of a Destination Management Plan for the area. There is now an enhanced scope to drive sustainable tourism initiatives that can deliver economic, environmental and social benefits across the Cotswolds.

Bicester Village attracts some 6 million visits a year, spending more than average tourists. Blenheim Palace is one of Britain's most visited tourist attractions. Reports from these businesses indicate that there is enormous untapped potential to encourage their customers to stay longer and explore more of rural Oxfordshire. Transport and connectivity to and within rural areas is an issue, as 53% of City visitors do not have their own transport¹⁵.

The visitor sector also experiences skills gaps, with small businesses not able to support the development of necessary skills. Rural Oxfordshire is characterised by a tourism industry mostly comprised of micro and SME businesses, with poor access to the training and market

¹² Economic Impact of Tourism in Oxfordshire, Tourism South East

¹³ Oxford Visitor Satisfaction & Growth Potential 2013, TNS/VisitEngland

¹⁴ Economic Impact of Tourism in Oxfordshire, 2013, Tourism SE

¹⁵ Oxfordshire Visitor Survey, 2007, TSE

intelligence resources of larger businesses. As a result, they struggle to stay abreast of market trends, to invest in their staff, and to adapt their products and prices for new markets.

The fragmented nature of the industry also means that groups of businesses are unlikely to market a place coherently, with many tourism providers perceiving themselves to be in competition with their immediate neighbour rather than other destinations. Public support to address these issues is known to be effective but increasingly difficult to source. However, we believe the use of our EAFRD, combined with match sources from directly within the industry, has the potential to make a significant difference to:

- Better integrate natural and built heritage assets of the county as part of the overall offer
- Encourage the promotion of Oxfordshire as a place to meet, developing the strong potential of the business tourism market
- Active marketing to visitors to the main sites, and methods to ease their journey to rural tourism and leisure destinations
- Support for development of place based offers for example focussed on our AONBs such as the Cotswolds
- Support for development of tourism and visitor leisure business projects to build on the very strong natural environment and heritage capital in the County, such as for example building on the existing very large visitor numbers to the Wittenham Clumps and Little Wittenham Wood Nature Reserve which is second only in visitor numbers to Blenheim Palace
- Support of attraction and promotion of 'events' as a draw to, and showcase for, the county, such as is being achieved through the cycling Tour of Britain's visit to the Chilterns³⁴

There will be an innovative aspect to this programme, harnessing for example the mobile communications aspects of the wider business networking initiative to experiment with new ways to reach visitors and help them find what they are looking for in the county, access transport (53% of city visitors do not come with a car) etc.

For more information on the visitor economy in Oxfordshire please read our Creativity, Cultural, Heritage and Tourism Investment Plan at <http://www.oxfordshirelep.com/content/cchtip>

Local food production

Food is an integral part of the tourism experience. It forms the main purpose for travel for only a small proportion of tourists (circa 6 – 8 per cent), but makes a positive contribution to the holiday experience for more than 60 per cent of visitors. Food is essential in forming a 'sense of place' and, according to Defra and the Tourist Boards in Wales, Scotland, Cornwall and Cumbria,

good quality local food provision can generate significant economic benefits for destinations as well as giving customers a perception of quality and differentiation.

Oxford city is a 'honeypot' for tourists who are drawn by a range of attractions of which heritage and culture is central. In common with many cities that are popular with tourists, however, the town of Oxford is dominated by a number of food outlets that are characterised by 'chain' businesses that use ingredients that are sourced from a wide range of international suppliers. In fact, overall, the food offer across Oxford City is poor, a fact that is recognised in the Oxford Economic Growth Strategy (2013) which states that "... Oxford is viewed as weak on the retail, accommodation and food offer in the city. ... Whilst the city is considered to have some good restaurants, there is a tendency towards 'chains' in the main shopping areas. The city is crying out for retail, accommodation and eating experiences that differentiate it from similar cities and takes greater advantage of the excellent heritage offer and cultural scene."

This paucity of easily accessible local food limits the proportion of visitor spend that remains within Oxfordshire. Crucially it also reduces the opportunity to encourage those who visit the city to explore Oxfordshire through its rich food heritage thus extending tourism spending directly into the rural hinterland. The evidence from Experience Oxfordshire indicates that spend from day visitors in particular is limited by the lack of venues with an obvious and compelling food offer that encourages visitors to extend their stay to include an evening meal (and potentially also an overnight stay).

The 2016 Oxfordshire Restaurant Awards contained a new Sustainable Restaurant category judged by a panel convened by Good Food Oxford. This has demonstrated that there are venues with a high quality local food offer, with a shortlist of 14 demonstrating excellent sourcing practices. However, it has been clear throughout the judging process that the restaurants are very poor at telling the story of the food offer to diners, and are thus not maximising its potential to stimulate more and better tourism.

Over the last decade, there has been a significant growth in the range of local food providers in the rural areas surrounding Oxford city. The Oxford local food directory lists almost 100 sources of local food selling into Oxford city, and more are selling across the county as a whole. The use of EAFRD therefore provides ample opportunity to expand the local food offer and to encourage an increased local food spend for tourists.

Business development

Oxfordshire has a diversified business base, with a number of large employers and strategically important sectors on the one hand and thousands of small businesses dispersed throughout the county including in rural areas on the other. There were 30,030 businesses in the Oxfordshire area in 2013, slightly up on previous years. At 44.7 businesses per 1,000 people, this is considerably above the national average (39.4 for England).

Several world class concentrations of high tech industries are located in Oxfordshire. It is estimated that in 2011, high tech manufacturing accounted for around 4,000 employee jobs in Oxfordshire while high tech knowledge intensive services accounted for a further 16,000 jobs. Overall, these high tech sectors provided 6.2% of Oxfordshire's employee jobs; the comparable figure for England as a whole was around 5.1%. Major firms such as BMW, Oxford Instruments, Sophos, Oxford BioMedica, Evotec, Prodrive, Williams F1, Nielsen Group, Unipart and Siemens Magnet Technology operate alongside hundreds of start-up and growing technology businesses in the area.

Strategically important sectors prominent in the LEP area include:

- Life sciences
- Space, satellite, data communication and related technologies
- Advances engineering/automotive/motorsport
- Creative and digital
- Electronics, sensors and instrumentation

Oxfordshire also has a particularly strong and broadly based low carbon sector distributed throughout its area. It has unique resources to grow innovative practices for rural sustainability and low carbon, including Low Carbon Oxford and low carbon network navigator which are working to link the scientific and technical innovation arising in the county with business and growth opportunities as well as community involvement. Particularly notable are the community funded micro hydro schemes in operation or development on the Thames and micro generation from school and parsonage clusters.

Organisations and consortia such as the Earth Trust and the Oxford Universities are pioneering initiatives that range from enhancing countryside landscapes through economic regeneration, to the development of Negative Emission Technologies to enhance carbon sequestration. The Centre for Sustainable Healthcare has an international reputation for researching and promoting sustainable and low carbon approaches in the health and care sectors, whilst Global Canopy is a leading body in the understanding of tropical rain forests as a key resource and techniques for their protection. Skills shortages are just as much an inhibition on growth for these sectors as the higher profile high tech firms. We have published Creating the Environment for Growth: Oxfordshire's Strategic Environmental Economic Investment Plan to parallel those already created or being undertaken in relation to skills, innovation etc, to further refine and align this important sector with our broader strategic economic plans.

As mentioned above Oxfordshire is also significantly rural in nature, and is home to a significant agricultural sector – nearly three quarters of the county is farmland, with over 1600 farms, grazing livestock (33%), growing cereals (30%) and general cropping (20%). This

delivers an agricultural GVA of £86m each year, from a total output of £236m with a profitability in its own right of £72m. With 63% of the farmed area under agri-environmental schemes, farming in the county is important in its own right, but also as a location for meeting and overcoming long term environmental issues.

Many other businesses are located outside the towns and cities, mostly SMEs, including agricultural processing, a wide diversity of small engineering, service, craft, tourism and leisure companies. There are home based micro businesses, and workers working from home for some or all of the time. This pattern adds strength and diversity to the Oxfordshire business base. Businesses located in rural areas have historically however often been disadvantaged in their access to facilities and services which are routinely available in urban areas, as well as being poorly connected to transport and communication links. Despite this, evidence is growing that some micro businesses located in rural areas have characteristics enabling them to buck the trend of recession. These include an ability to diversify, exploit niche markets and intimate local market knowledge, and maximise the benefits of attractive locations such as those found throughout Oxfordshire. But over the coming years the threat to such businesses has the *potential* to grow, for example through the exclusion of some areas – including a number of business parks – from the roll out of super-fast broadband, from lack of access to networks, and from the concentration of investment in infrastructure and transport improvements in the knowledge spine.

Priorities for tourism infrastructure

We are seeking projects that meet the priorities outlined in the Strategic Economic Plan for Oxfordshire, and in the Creativity, Cultural, Heritage and Tourism Investment Plan summarised as:

- Projects that will attract more visitors, particularly outside the normal tourist season including events and festivals that are sustainable and can lead to more overnight stays:
 - Through a range of productive and engaging experiences and a dynamic creative industries sector and cultural sector helping to re-invigorate our heritage assets and stimulate new types of tourism; and
 - The festival sector in Oxfordshire is poised for growth and can play a more strategic role in driving growth and innovation across the sector.
- Projects that will increase the length of visitor stays and tourism spend by building more competitive creative, cultural, heritage and tourism businesses in destination international tourist want to visit and experience. This will involve improving

knowledge and technology transfer and business growth that will depend on skills and talent development from a range of different backgrounds;

- Projects that will enhance visitor attractions associated with particular sectors such as heritage, food and drink and outdoor tourism.

Priorities for local food production

We will support projects that meet the priorities outlined in the Strategic Economic Plan for Oxfordshire, the Strategic Environmental Economic Investment Plan and the Creativity, Cultural, Heritage and Tourism Investment Plan:

- **Create local food initiatives by processing local produce** – a strong local food and drink offer can influence the identity and reputation of an area and strengthen the local supply chain. As well as selling to Farmers Markets and Farm shops that support the county's rural heritage and identity of market towns, this also delivers environmental benefits and reducing the carbon footprint as more seasonal food is promoted, and brings health and social benefits to local people. This also enhances food security, biodiversity and the provenance of local food.
- **Create new and developing distribution networks** – developing the local food supply chain has benefits for local businesses, with investment being retained in the local areas, and the opportunity to link producers and processors in joint ventures with positive ripple effects to other ancillary businesses. This also has the added advantage of supporting the local tourism economy, making the area more attractive to visitors and extending the tourism season, which together will help address the decline in mixed farming.
- **Projects adopting new techniques and processes** – rural diversification of farms and producer businesses are important for the economic sustainability of farming and rural communities to reduce the exposure to risk. Innovation and the development of new quality products will enable farm producers to add value to their primary produce which is important to increase minimum profit margins. This would also open up opportunities to expand and sell to the export market, and lead to the upskilling of agricultural workers.

Priorities for business development

Projects from the following Oxfordshire LEP priority business sectors including those targeting export markets:

- Automotive and motorsport

- Creative & digital
- Electronic
- Sensors and instruments
- Life sciences
- Space technologies
- Environment and land-based industries
- Retail
- Social care
- Logistics

We are seeking projects that will:

- Create new products including niche products and services and those adopting new techniques and processes
- Increase the productivity of the business
- Create apprenticeships and jobs in line with the Oxfordshire Skills Strategy
- Have a reduced environmental impact in line with the Oxfordshire Strategic Environmental Economic Investment Plan
- Benefit wider rural areas, particularly those based in smaller towns in Oxfordshire.

